

Full Cost Decision Memorandum: Resource Allocations for Pools (SA-01)

Issue:

What is the policy for funding pools?

Source / reference:

LaRC Full Cost Implementation Team (2003-2004)
LaRC Office of the Chief Financial Officer (OCFO)

Background:

The Center needs an established policy for funding the service pools in a full cost environment using applicable financial systems. Agency financial systems require that funds be distributed to service pools prior to expenditure of any pool funds. Under conditions of delayed or insufficient funding authority, particularly during Continuing Resolutions (CR), the potential exists for a project's pool costs to exceed the project's spending authority. For example, under a CR Project X receives 1/12 of the annual funding authority for the month of October; however due to the scheduling of tests the service pools phasing plan is extremely front loaded to the point where Project X's pools costs exceed 1/12 of the funding authority. Previously, through the use of carrier accounts and other methods, there was sufficient "float" within the center-wide service pool system to cover these types of situations.

Options:

1. Require projects to fully fund service requirements when funding is received
2. Require projects to fund service requirements based on the percentage of funding received

Decision:

Option 2. The policy for funding pools applies to all aspects of cost elements for projects. In other words, projects will be required to fund any associated personnel, travel, service pools, General & Administrative, and other like costs in accordance with the amount of resource authority received from the Agency. In that regard, if a project receives 25% resource authority, the project will pay 25% towards all noted cost elements. Once 80% of budget authority has been received, projects will be required to fully fund the noted cost elements. Exceptions to this policy will be worked with the OCFO on a case-by-case basis. In addition, the OCFO may allocate funds in a different manner to ensure continuing operations at the Center (ex. ensure all personnel are paid during CR periods).

Approved by LaRC CFO (Ken Winter) 3/1/06
